

CHRISTOPHER J. DODD, CONNECTICUT, CHAIRMAN

TIM JOHNSON, SOUTH DAKOTA
JACK REED, RHODE ISLAND
CHARLES E. SCHUMER, NEW YORK
EVAN BAYH, INDIANA
THOMAS R. CARPER, DELAWARE
ROBERT MENENDEZ, NEW JERSEY
DANIEL K. AKAKA, HAWAII
SHERRON BROWN, OHIO
ROBERT P. CASEY, JR., PENNSYLVANIA
JON TESTER, MONTANA

RICHARD C. SHELBY, ALABAMA
ROBERT F. BENNETT, UTAH
WAYNE ALLARD, COLORADO
MICHAEL B. ENZI, WYOMING
CHUCK HAGEL, NEBRASKA
JIM BUNNING, KENTUCKY
MICHAEL CRAPO, IDAHO
JOHN E. SUNUNU, NEW HAMPSHIRE
ELIZABETH DOLE, NORTH CAROLINA
MEL MARTINEZ, FLORIDA

SHAWN MAHER, STAFF DIRECTOR
WILLIAM D. DUHNKE, REPUBLICAN STAFF DIRECTOR AND COUNSEL

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

June 20, 2007

The Honorable Christopher Cox
Chairman
U. S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D. C. 20549

Dear Chairman Cox:

As Chairman and Ranking Member of the Committee on Banking, Housing and Urban Affairs, we have a strong commitment to promoting capital formation and protecting investors in America's securities markets.

Recently, S. 1624 was introduced in the Senate "to amend the Internal Revenue Code of 1986 to provide that the exception from the treatment of publicly traded partnerships as corporations for partnerships with passive-type income shall not apply to partnerships directly or indirectly deriving income from providing investment adviser and related asset management services."

This legislation has raised many questions from interested parties about its impact on the capital markets if it were to be enacted into law. Pursuant to our oversight of these markets, we are seeking more information about such impact.

We would appreciate your providing us with an analysis of this legislation. Specifically, we ask you to examine its likely impact on the nation's capital markets, including the potential effects on investor protection, capital formation and other relevant issues. In addition, we request quantitative and qualitative data on the universe of publicly traded partnerships, including the numbers of such firms and their business activities, and data on the partnerships that such legislation would affect.

Thank you for your immediate attention to this request.

Sincerely,



Christopher J. Dodd
Chairman



Richard C. Shelby
Ranking Member

CHRISTOPHER J. DODD, CONNECTICUT, CHAIRMAN

TIM JOHNSON, SOUTH DAKOTA
JACK REED, RHODE ISLAND
CHARLES E. SCHUMER, NEW YORK
EVAN BAYH, INDIANA
THOMAS R. CARPER, DELAWARE
ROBERT MENENDEZ, NEW JERSEY
DANIEL K. AKAKA, HAWAII
SHERRON BROWN, OHIO
ROBERT P. CASEY, JR., PENNSYLVANIA
JON TESTER, MONTANA

RICHARD C. SHELBY, ALABAMA
ROBERT F. BENNETT, UTAH
WAYNE ALLARD, COLORADO
MICHAEL B. ENZI, WYOMING
CHUCK HAGEL, NEBRASKA
JIM BUNNING, KENTUCKY
MICHAEL CRAPO, IDAHO
JOHN E. SUNUNU, NEW HAMPSHIRE
ELIZABETH DOLE, NORTH CAROLINA
MEL MARTINEZ, FLORIDA

SHAWN MAHER, STAFF DIRECTOR

WILLIAM D. DUHNKE, REPUBLICAN STAFF DIRECTOR AND COUNSEL

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

June 20, 2007

The Honorable Henry M. Paulson, Jr.
Secretary
U. S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D. C. 20220

Dear Secretary Paulson:

As Chairman and Ranking Member of the Committee on Banking, Housing and Urban Affairs, we have a strong commitment to promoting capital formation and protecting investors in America's securities markets.

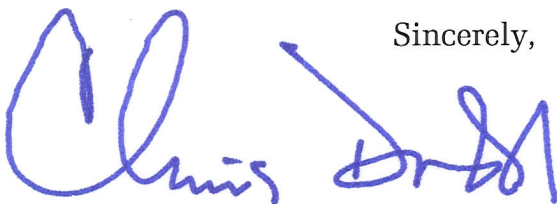
Recently, S. 1624 was introduced in the Senate "to amend the Internal Revenue Code of 1986 to provide that the exception from the treatment of publicly traded partnerships as corporations for partnerships with passive-type income shall not apply to partnerships directly or indirectly deriving income from providing investment adviser and related asset management services."

This legislation has raised many questions from interested parties about its impact on the capital markets if it were to be enacted into law. Pursuant to our oversight of these markets, we are seeking more information about such impact.

We would appreciate your providing us with an analysis of this legislation. Specifically, we ask you to examine its likely impact on the nation's capital markets, including the potential effects on capital formation, investor protection and other relevant issues. In addition, we request quantitative and qualitative data on the universe of publicly traded partnerships, including the numbers of such firms and their business activities, and data on the partnerships that such legislation would affect.

Thank you for your immediate attention to this request.

Sincerely,



Christopher J. Dodd
Chairman



Richard C. Shelby
Ranking Member